

OGC HAS
REVIEWED.

6 SEP 1958

MEMORANDUM FOR: Acting Director of Central Intelligence
Deputy Director (Support)/SIAKW

SUBJECT : GEHA, UBLIC Premium Returns

1. This memorandum contains a recommendation in paragraph 7 for policy approval.

2. The GEHA Board of Directors, at meetings of 22 July and 5 September 1958, passed the following resolutions dealing with the returned premiums from the United Benefit Life Insurance Company (UBLIC). The Director of Personnel and [REDACTED] OGC, were present at each meeting. Certain opinions of the General Counsel expressed, concerning the Board actions on 22 July, were acted upon by the Board in the meeting of 5 September. The matter of disposition of returned premiums has been under lengthy discussion for three years and it is felt that the present resolutions adequately meet the policy interests of the Agency, GEHA's responsibilities to the employee policy holders and the various legal considerations involved.

3. The Superintendent of Corporations of the District Government has informed the General Counsel of the form by which the GEHA certificate of incorporation may be satisfactorily amended to authorize GEHA to conduct various types of insurance programs, including life insurance. This action is in process now and should be completed by the end of September. This will eliminate any legal question with the Superintendent of Corporations as to the authority of GEHA to conduct a life insurance program.

4. One of the resolutions calls for a percentage return of premiums to policy holders of record as of 31 July 1957. The question of GEHA's obligation to employee policy holders who left the program prior to 31 July 1957 has been lengthily discussed and will be the subject

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of further consideration. The delay in resolving this aspect, however, in the opinion of the Board and the General Counsel, does not effect the propriety or legality of the present resolutions for the disposition of returned premiums.

5. The resolutions are as follows:

"Resolved that it is the policy of the GEHA Board that returned premiums from UBLIC policies be considered monies to be disposed of for the benefit of UBLIC policyholders only, subject to deduction for reserves, and administrative expenses. It is further resolved that it is the policy of the GEHA Board that no more than 75% of returned premiums in any insurance year shall be returned to the policy holders until such time as the reserve has reached a figure of \$100,000. In accordance with this policy, the following resolutions are proposed:

That the GEHA Board establish a reserve consisting of the amount of money remaining from returned premiums on UBLIC policies as of this date after deduction of monies paid for administrative costs and the payment of a 20% return of premiums to policy holders of record as of 31 July 1957.

That the GEHA Board deduct the amount of money equivalent to the 4th step of a GS-7 salary to be allocated from returned premiums from UBLIC policies, for administrative costs incurred in the servicing of UBLIC policies, such monies to be paid to the Comptroller of the Agency annually at such times when returned premiums are received from Omaha beginning with the policy year beginning 1 September 1956,

That the GEHA Board declare a 20% return of premiums to UBLIC policyholders of record as of 31 July 1957.

BE IT FURTHER RESOLVED that the GEHA Board by this action hereby rescinds such actions dealing with these subjects as were passed by the Board of Directors of GEHA at its meeting on 26 November 1957."

~~SECRET~~

6. This action by the GEHA Board is of a policy nature having an effect upon the Agency. It is recommended that the above action by the GEHA Board be approved subject to the completion of the amendment of the GEHA Certificate of Incorporation.

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Chairman, Board of Directors
GEHA, Inc.

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CONCURRENCES:

SIGNED

Director of Personnel

21 Oct 58
Date


See attached memorandum dated 14 Oct 1958
General Counsel

OCT 20 1958
Date

Deputy Director (Support)

8 Nov 58
Date

The recommendation in paragraph 6 is approved.

Date

15/
Deputy Director of Central Intelligence

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